

EMERY COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2006

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners
Emery County
Castle Dale, Utah 84513

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Emery County as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Emery County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Castle Valley Special Service District and North Emery Water Users Special Service District, which represents 85 percent and 64 percent, respectively, of the assets and revenues of the component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Castle Valley Special Service District and North Emery Water Users Special Service District is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Emery County as of December 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2007, on our consideration of Emery County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable Board of County Commissioners
Emery County

The Management's Discussion and Analysis, condition assessment of the County's infrastructure and budgetary comparison information on pages 6 through 15, 51 and 52 through 57 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Emery County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

May 14, 2007
Richfield, Utah

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion of Emery County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2006. This report is in conjunction with the County's financial statements. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

The purpose of the County is to provide general services to its residents, which includes general government, public safety, public health, highways and public improvements, park and recreation, and conservation and economic development.

Financial Highlights

- * The assets of Emery County exceeded its liabilities as of the close of the most recent year by \$36,413 (*net assets*). Of this amount, \$13,302 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- * The government's total net assets increased by \$2,417. The revenues met or exceeded the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts.
- * At the close of the current year, the Emery County governmental funds reported combined ending fund balances of \$16,815. Approximately 84 percent of this total amount, \$14,207 is available for spending at the government's discretion (*unreserved fund balance*).
- * At the end of the current year, unreserved fund balance for the general fund was \$6,013, or 75 percent of total general fund expenditures.
- * Emery County's total debt did not increase during the current year. Emery County retired \$275 of debt during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Emery County's basic financial statements. Emery County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Emery County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Emery County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Emery County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of Emery County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Emery County include general government, public safety, public health, highways and public improvements, parks and recreation, and conservation and economic development.

The government-wide financial statements include not only Emery County itself (known as the primary government), but also five legally separate special service districts, one for recreational activities, one for roads, one for fire protection and two for water and sewer. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Emery County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Emery County can be divided into three categories: governmental funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Emery County maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, municipal building authority fund, B Road fund, insurance fund and capital projects fund all of which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Emery County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Emery County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Refer to the table of contents for the location of the basic fiduciary fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Emery County.

The combining statements referred to earlier in connection with non-major governmental funds and the enterprise fund is presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Emery County, assets exceeded liabilities by \$36,413 at the close of the most recent fiscal year.

By far the largest portion of Emery County's net assets (56 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. Emery County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Emery County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Emery County's Net Assets

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
<i>Current and other assets</i>	17,416	15,264
<i>Capital assets</i>	<u>26,864</u>	<u>26,740</u>
<i>Total assets</i>	<u>44,280</u>	<u>42,004</u>
<i>Long-term Liabilities outstanding</i>	7,109	7,346
<i>Other liabilities</i>	<u>758</u>	<u>662</u>
<i>Total liabilities</i>	<u>7,867</u>	<u>8,008</u>
<i>Net Assets:</i>		
<i>Invested in capital assets, net of related debt</i>	20,569	19,227
<i>Restricted</i>	2,542	2,292
<i>Unrestricted</i>	<u>13,302</u>	<u>12,478</u>
<i>Total net assets</i>	<u>36,413</u>	<u>33,997</u>

A portion of Emery County's net assets (77 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$13,302) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, Emery County is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

Governmental Activities

Governmental activities increased Emery County's net assets by \$2,417. Key elements of this increase are as follows:

Emery County's Changes in Net Assets

	<u>Governmental</u>	
	<u>Activities</u>	
	<u>2006</u>	<u>2005</u>
<i>Revenues:</i>		
<i>Program Revenues:</i>		
<i>Charges for services</i>	3,843	1,789
<i>Operating grants and contributions</i>	3,536	5,432
<i>Capital grants and contributions</i>		
<i>General revenues:</i>		
<i>Property taxes</i>	6,741	6,181
<i>Other taxes</i>	755	648
<i>Grants and contributions not restricted to specific programs</i>	960	707
<i>Unrestricted investment earnings</i>	1,023	884
<i>Other</i>	(17)	0
<i>Total revenues</i>	<u>16,841</u>	<u>15,641</u>
<i>Expenses:</i>		
<i>General government</i>	3,804	3,646
<i>Public safety</i>	4,512	4,674
<i>Public health</i>	2,875	2,701
<i>Highways and public improvements</i>	1,852	1,993
<i>Parks and Recreation</i>	0	50
<i>Economic Development</i>	427	331
<i>Interest on long-term debt</i>	196	207
<i>Culture & Recreation</i>	758	665
<i>Total expenses</i>	<u>14,424</u>	<u>14,267</u>
<i>Increase in net assets</i>	<u>2,417</u>	<u>1,374</u>
 <i>Increase in net assets</i>	 2,417	 1,374
<i>Net assets – beginning</i>	<u>33,996</u>	<u>32,622</u>
<i>Net assets – ending</i>	<u>36,413</u>	<u>33,996</u>

Financial Analysis of the Government's Funds

As noted earlier, Emery County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of Emery County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Emery County's financing requirements. In particular unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. At the end of the year, Emery County's governmental funds reported combined ending fund balances of \$16,815. Approximately 85 percent of this amount (\$14,207) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to highways and public improvements, (\$1,488), 2) to economic development revolving loans, (\$400), 3) to bond reserves (\$720).

The general fund is the chief operating fund of Emery County. At the end of the current year, unreserved fund balance of the general fund was \$6,013. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance to total fund expenditures. Unreserved fund balance represents 75 percent of total general fund expenditures.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of \$375 can be briefly summarized as follows:

- * \$458 decrease in general government.
- * \$389 decrease in public safety.
- * \$19 increase in parks and recreation.
- * \$9 decrease in public health.
- * \$86 decrease in highways and public improvements.
- * \$548 increase in non-departmental for transfers to capital improvement fund.

During the year actual revenues were more than budgeted revenues by \$245, and actual expenditures were less than budgeted expenditures by \$552 resulting in a net increase in fund balance of \$797.

Capital Asset and Debt Administration

Capital Assets

Emery County's investment in capital assets for its governmental activities as of December 31, 2006, amounts to \$26,864 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, and infrastructure, which includes roads, highways, and bridges. The total increase in Emery County's investment in capital assets for the current year was \$124.

Major capital asset events during the current year included the following:

- * Automobiles purchases of \$470.
- * Highway and public improvement equipment of \$241.
- * Public safety equipment and software of \$259.

Also, the county has elected to use the modified approach to account for its infrastructure assets, such as roads and bridges. That information can be found in the required supplemental information following the notes to the financial statements.

Emery County's Capital Assets
(net of depreciation)

	<u><i>Governmental</i></u> <u><i>Activities</i></u>	
	<u>2006</u>	<u>2005</u>
<i>Land</i>	3,058	3,058
<i>Infrastructure</i>	8,942	8,942
<i>Water Shares</i>	56	56
<i>Buildings</i>	12,301	12,639
<i>Improvements</i>	206	218
<i>other than</i>		
<i>buildings</i>		
<i>Autos</i>	1,191	1,032
<i>Construction in</i>	0	0
<i>Progress</i>		
<i>Equipment</i>	1,110	795
<i>Total</i>	<u>26,864</u>	<u>26,740</u>

Additional information on Emery's capital assets can be found in the notes to the financial statements.

Long-Term Debt

At the end of the current year, Emery had total bonded debt outstanding of \$6,830. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Emery's Outstanding Debt

	<u><i>Governmental</i></u> <u><i>Activities</i></u>	
	<u>2006</u>	<u>2005</u>
<i>Revenue Bonds</i>	6,295	6,570

Additional information on Emery County's long-term debt can be found in the notes of the financial statements.

Economic Factors and Next Year's Budgets and Rates

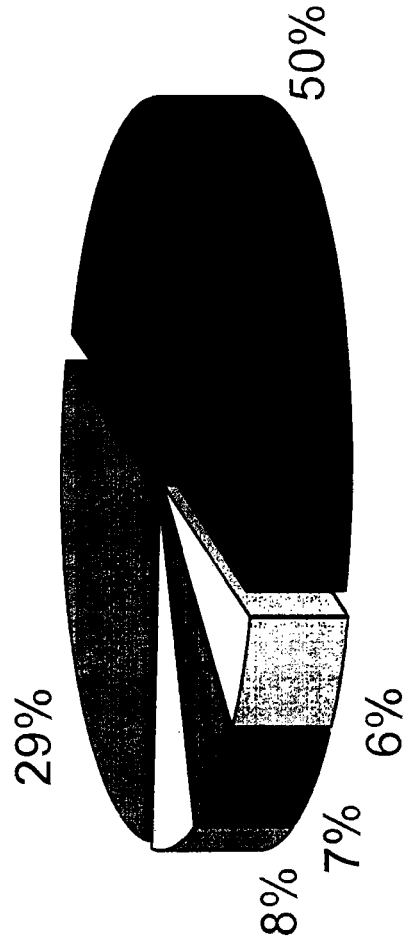
- * The unemployment rate for Emery County is 2.5 percent which is a decrease from a rate of 4.0 a year ago. This is higher than the state's average unemployment rate of 2.6 percent and lower than the national average rate of 4.5 percent. An increase in coal mining and truck driving jobs has lowered the unemployment rate from a year ago.
- * The collection of property taxes in Emery County is a major revenue source. The County is dependent on the operation of two power plants and various coal mines.

All of these factors were considered in preparing Emery County's budget for the 2007 year.

Requests for Information

This financial report is designed to provide a general overview of Emery County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Emery County Clerk/Auditor, 95 East Main, Castle Dale, Utah 84513.

Revenue by Source - Government Activities



■ Property Taxes

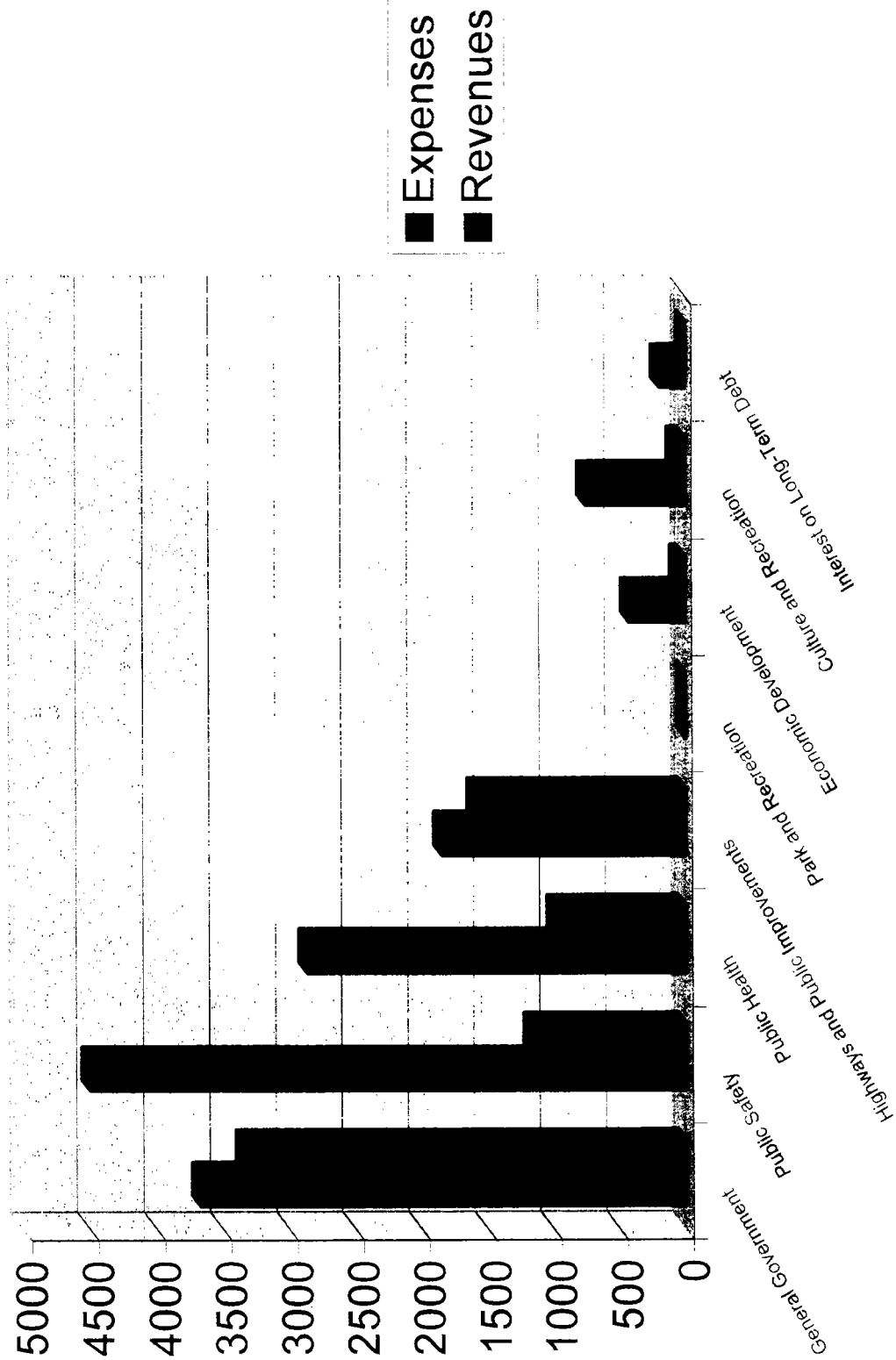
□ Other Taxes

■ Grants & Contributions

□ Unrestricted Investment Earnings

■ Charges for Services

Expenses and Program Revenues



BASIC FINANCIAL STATEMENTS

**EMERY COUNTY
STATEMENT OF NET ASSETS**

December 31, 2006

	Primary Governmental Activities	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	16,030,587	4,893,296
Property Taxes Receivable	-	74,974
Notes Receivable	341,163	-
Due From Other Government Units	323,988	59,742
Inventory	-	7,339
Prepaid Expenses	-	26,399
Total Current Assets	<u>16,695,738</u>	<u>5,061,750</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	719,877	2,168,654
Bond Issuance Costs	-	53,724
Capital Assets (Net of Accumulated Depreciation)	<u>26,864,465</u>	<u>22,864,586</u>
Total Noncurrent Assets	<u>27,584,342</u>	<u>25,086,964</u>
TOTAL ASSETS	<u>44,280,080</u>	<u>30,148,714</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	115,823	361,534
Accrued Liabilities	341,223	28,260
Retention Payable	-	25,558
Deferred Revenue	-	69,472
Bond and Lease Interest Payable	21,360	110,273
Capital Lease Payable - Due Within One Year	-	80,295
G. O. Bonds Payable - Due Within One Year	-	986,000
Revenue Bonds Payable - Due Within One Year	<u>280,000</u>	<u>140,644</u>
Total Current Liabilities	<u>758,406</u>	<u>1,802,036</u>
Noncurrent Liabilities:		
Landfill Closure and Postclosure Costs	144,000	-
Capital Lease Payable - More Than One Year	-	73,726
G. O. Bonds Payable - More Than One Year	-	6,793,000
Revenue Bonds Payable - More Than One Year	6,015,000	394,931
Compensated Absences	<u>949,464</u>	<u>80,166</u>
Total Noncurrent Liabilities	<u>7,108,464</u>	<u>7,341,823</u>
TOTAL LIABILITIES	<u>7,866,870</u>	<u>9,143,859</u>
NET ASSETS		
Investment in Capital Assets, Net of Debt	20,569,465	14,395,991
Restricted For:		
Class B Road	1,487,832	2,624,140
Landfill Postclosure Costs	275,265	-
General Fund - Water Plant	-	81,055
Revolving Loan Fund	58,742	-
Bond Reserves	719,877	1,428,440
Capital Outlay	-	659,159
Unrestricted	<u>13,302,029</u>	<u>1,816,070</u>
TOTAL NET ASSETS	<u>36,413,210</u>	<u>21,004,855</u>
TOTAL LIABILITIES AND NET ASSETS	<u>44,280,080</u>	<u>30,148,714</u>

The notes to the financial statements are an integral part of this statement.

EMERY COUNTY
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2006

Function/Programs Primary Government:	Expenses	Program Revenues		Net (Expense) Revenues Changes in Net Assets	
		Charges for Services	Operating Grants/ Contributions	Primary Gov't Governmental Activities	Component Units
Governmental Activities:					
General Government	3,803,807	3,104,775	368,403	(330,629)	-
Public Safety	4,512,321	597,698	576,583	(3,338,040)	-
Public Health	2,875,155	45,913	947,981	(1,881,261)	-
Highways and Public Improvements	1,851,754	33,814	1,566,766	(251,174)	-
Economic Development	427,013	31,063	25,785	(370,165)	-
Culture and Recreation	758,681	29,847	50,575	(678,259)	-
Interest on Long-Term Debt	195,685	-	-	(195,685)	-
Total Primary Government	<u>14,424,416</u>	<u>3,843,110</u>	<u>3,536,093</u>	<u>(7,045,213)</u>	<u>-</u>
Component Units:					
Governmental Type:					
Road District	1,051,005	77,107	1,486,819	-	512,921
Recreation District	351,841	90,254	292,968	-	31,381
Fire Protection District	245,995	-	270,331	-	24,336
Castle Valley District	4,679,884	581,653	819,437	-	(3,278,794)
Business Type:					
North Emery Water Users District	304,217	189,642	105,816	-	(8,759)
Total Component Units	<u>6,632,942</u>	<u>938,656</u>	<u>2,975,371</u>	<u>-</u>	<u>(2,718,915)</u>
General Revenues:					
Property Taxes				6,741,385	2,334,594
Fee-In-Lieu of Property Taxes				300,813	-
Sales Taxes				288,402	-
Transient Room Tax				165,795	-
Grants and Contributions Not Restricted to Specific Programs				959,952	439,287
Unrestricted Investment Earnings				1,022,985	317,348
Loss On Disposition of Assets				(17,179)	(199,933)
Other				-	1,403
Total General Revenues and Transfers				<u>9,462,153</u>	<u>2,892,699</u>
Change in Net Assets				<u>2,416,940</u>	<u>173,784</u>
Net Assets - Beginning				<u>33,996,270</u>	<u>20,831,071</u>
Net Assets - Ending				<u><u>36,413,210</u></u>	<u><u>21,004,855</u></u>

The notes to the financial statements are an integral part of this statement.

EMERY COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS

For The Year Ended December 31, 2006

ASSETS	General Fund	Class B Roads Fund	Insurance Fund	Municipal Building Authority	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	6,486,816	1,220,732	1,528,701	2,814,892	1,502,103	3,197,220	16,750,464
Due From Other Government Units	-	278,398	-	-	-	45,590	323,988
Notes Receivable	-	-	-	-	-	341,163	341,163
TOTAL ASSETS	6,486,816	1,499,130	1,528,701	2,814,892	1,502,103	3,583,973	17,415,615
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	38,406	11,298	-	53,480	-	12,639	115,823
Accrued Liabilities	291,605	-	49,618	-	-	-	341,223
Accrued Landfill Costs	144,000	-	-	-	-	-	144,000
Total Liabilities	474,011	11,298	49,618	53,480	-	12,639	601,046
Fund Balances:							
Reserved For:							
Class "B" Road	-	1,487,832	-	-	-	-	1,487,832
Debt Service	-	-	-	-	-	719,877	719,877
Revolving Loan Fund	-	-	-	-	-	399,905	399,905
Unreserved, Reported In:							
General Fund	6,012,805	-	-	-	-	-	6,012,805
Special Revenue Funds	-	-	1,479,083	2,761,412	-	1,441,929	5,682,424
Capital Projects Fund	-	-	-	-	1,502,103	1,009,623	2,511,726
Total Fund Balance	6,012,805	1,487,832	1,479,083	2,761,412	1,502,103	3,571,334	16,814,569
TOTAL LIABILITIES AND FUND BALANCE	6,486,816	1,499,130	1,528,701	2,814,892	1,502,103	3,583,973	17,415,615

The notes to the financial statements are an integral part of this statement.

EMERY COUNTY
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

December 31, 2006

Total Fund Balances - Governmental Fund Types	16,814,569
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	3,058,586	
Water Shares	55,500	
Buildings	12,300,735	
Improvements Other Than Buildings	206,449	
Equipment	2,301,195	
Infrastructure	<u>8,942,000</u>	

Total - Net of Depreciation		26,864,465
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Revenue Bonds	(6,295,000)	
Compensated Absences	(949,464)	
Accrued Interest Payable	<u>(21,360)</u>	

Total Long-Term Debt		<u>(7,265,824)</u>
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Net Assets of Government Activities	<u><u>36,413,210</u></u>
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EMERY COUNTY

The notes to the financial statements are an integral part of this statement.

EMERY COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2006

Amounts reported for governmental activities in the statement of activities
are different because:

Net Changes in Fund Balances - Total Governmental Funds	2,044,851
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current period:

Capital Outlays	969,061	
Depreciation Expense	<u>(826,522)</u>	
Total		142,539

The issuance of long-term debt (e.g., bonds, leases) provide current financial
resources to governmental funds, while the repayment of the principal of
long-term debt consumes the current financial resources of governmental
funds. Neither transaction, however, has any effect on net assets. This
amount is the net effect of these differences in the treatment of long-term
debt and related items:

Principal Payments on Debt	275,000
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Some expenses reported in the statement of activities do not require the use
of current financial resources and, therefore, are not reported as expenditures
in governmental funds:

Increase in Compensated Absences	(30,561)	
Loss on Disposition of Assets	(17,889)	
Reduction in Accrued Interest Payable	<u>3,000</u>	
Total		<u>(45,450)</u>

Changes In Net Assets of Governmental Activities	<u><u>2,416,940</u></u>
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**EMERY COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND**

December 31, 2006

ASSETS:

Cash and Investments	<u>8,472,229</u>
TOTAL ASSETS	<u><u>8,472,229</u></u>

LIABILITIES:

Collections Payable	<u>275,344</u>
TOTAL LIABILITIES	<u>275,344</u>

FIDUCIARY NET ASSETS:

Net Assets - Trust Funds	<u>8,196,885</u>
TOTAL FIDUCIARY NET ASSETS	<u>8,196,885</u>
TOTAL LIABILITIES AND FIDUCIARY NET ASSETS	<u><u>8,472,229</u></u>

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Emery County have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended December 31, 2006.

A. Reporting Entity:

For financial reporting purposes, Emery County has included all funds. The County has also considered all potential component units for which it is financially accountable and that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these basic financial statements present Emery County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. Complete financial statements of the individual component units, that issued separate financial statements, can be obtained from the Emery County Auditor's office.

Discrete Component Units:

These component units are entities which are legally separate from the County, but are financially accountable to the County or whose relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The County must approve their tax rates and debt. The County could also take away their operating authority and could dissolve the District. Each of these districts was organized under the State of Utah's Statute or special service districts, Section 17A-2-1300. The component units column of the combined financial statements include the financial data of the following entities:

- * Castle Valley Special Service District (Governmental Fund Type) - This Special Service District was organized under the State of Utah's Statute for Special Service Districts by Emery County in 1976. The District has a 10 member board comprised of three (3) members appointed by County Commissioners and seven (7) members who are appointed by the Towns that are encompassed by the District's services. The District provides the following services: Culinary water, sewer,

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

pressurized irrigation, drainage and road improvements and maintenance. The District was audited by other independent auditors, and their report, dated March 9, 2007, has been previously issued under separate cover. A copy of the report can be obtained at the Emery County Auditor's office in Castle Dale, Utah.

- * **Emery County Special Service District #1 (Governmental Fund Type)** - This District was created by the adoption of a resolution to establish a special service district by the Emery County Commissioners on November 2, 1988 for the purpose of improving the county road system in Emery County. The Special Service District's Administrative Control Board consists of five (5) members, each of whom was appointed by the Board of Commissioners. The Board of Commissioners appointed the initial two members to serve two year terms and the remaining three members to serve four year terms. The Board members, at their initial meeting, elected a chairperson and a secretary to serve such terms as the board shall determine. The District was audited by us, and the report was dated May 14, 2007, and has been previously issued under separate cover. A copy of the report can be obtained at the Emery County Auditor's office in Castle Dale, Utah.
- * **Emery County Recreation Special Service District (Governmental Fund Type)** - This District was created January 8, 1992, by the adoption of a resolution to establish a special service district by the Emery County Commissioners for the purpose of constructing improvements for recreation and to provide recreational facilities for the residents of Emery County. The Special Service District's Administrative Control Board consists of twelve (12) members, nine (9) of which represent the Towns or Cities which belong to the District and three (3) at large members appointed by the Commission. Five members are appointed to a two (2) year term and seven members are appointed to a four (4) year term. The District was audited by us, and the report was dated May 14, 2007, and has been previously issued under separate cover. A copy of the report can be obtained at the Emery County Auditor's office in Castle Dale, Utah.
- * **Emery County Fire Protection Special Service District (Governmental Fund Type)** - The District was created January 8, 1992, by the adoption of a resolution to establish a special service district by the Emery County Commissioners for the purpose of the construction of improvements for fire control, public health, and the necessity of providing fire protection to the residents of Emery County. The District's administrative Control Board consists of eleven (11) members, eight (8) of which represent the Towns or Cities which belong to the District and three (3) at large members appointed by the Commission. Five members are appointed to a two (2) year term and six members are appointed to a four (4) year term. The District was audited by us, and the report was dated May 14, 2007, and has been previously issued under separate cover. A copy of the report can be obtained at the office of the Emery County Auditor in Castle Dale, Utah.

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- * North Emery Water Users Special Service District (Proprietary Fund Type) - On May 15, 2001, the Board of County Commissioners of Emery County Created by Resolution No. 5-15-01 the North Emery Waters Users Special Service District. The purpose of the District is to receive, through contribution or acquisition, the necessary facilities, appurtenances and equipment to process and distribute culinary water to residents within the District's boundaries. The District was audited by other independent auditors, and their report, dated January 22, 2007, has been previously issued under separate cover. A copy of the report can be obtained at the Emery County Auditor's office in Castle Dale, Utah.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Emery County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The B Road Fund receives funding from the State Department of Transportation to be expended on eligible B Roads in the County.

The Insurance Fund accounts for insurance charges to departments and accounts for expenditures for insurance purposes.

The Municipal Building Authority accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The Capital Projects Fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The Government also reports the following Other Governmental Funds:

Revolving Loan Fund, Drug Court, Emergency 911, Narcotics Task Force, Economic Development, San Rafael Museum, Historic Preservation, Library, Transient Room Tax, Flood Control, County Fair, Assessing and Collecting, Industrial Park, Debt Service and Capital Replacement. These funds account for revenue sources that are restricted to expenditures for specific purposes.

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Government reports the following fund types:

The Treasurer's Tax Collection Agency Fund is used to account for taxes collected by the County Treasurer but not paid as of December 31 to the taxing entities within the County.

The Justice Court Trust Fund which collects fines and bail monies in the Justice Court and remits the monies to the appropriate agencies and parties to the court actions.

The Compensated Absences Trust Fund which accounts for monies held for possible future payments to employees for employee benefits.

The Landfill Assurance Fund which accounts for monies placed in the account to be held for future costs of closing the County landfill.

The Payroll Trust Fund is used to account for payroll liabilities accrued and then paid out to meet payroll obligations.

The County has the General and Library Tax Stability Trust Funds which hold monies set aside to provide stability in case the tax base of the County is reduced dramatically in regards to the two power plants located within the County.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Improvements Other Than Buildings	20 Years
Equipment	5 Years

Compensated Absences:

The County has a policy which allows employees to accumulate vacation pay and sick pay. The County allows 80 hours of vacation pay to be carried over from year to year. The County allows unlimited hours of sick pay to be carried into the next year.

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting:

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the County Auditor and County Commissioners on or before December 15 for the following fiscal year beginning January 1. Estimated revenues and appropriations may be increased or decreased by resolution of the County Commissioners at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the County's budgetary control (the level at which the County's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. The maximum in the General Fund may not exceed 50% of the General Fund's total revenue.

Once adopted, the budget may be amended by the County Commissioners without a public hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Commissioners, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property Taxes:

Property taxes are assessed and collected for the County by Emery County and remitted to the County shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable November 1, and are delinquent after November 30. All dates are in the year of levy.

G. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds. Each fund types portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents".

Deposits:

At December 31, 2006, the carrying amount of Emery County's deposits for the primary government was \$195,727 and the bank balances were \$203,532. Of the bank balances \$200,000 was covered by federal depository insurance. At December 31, 2006, the carrying amount of the component units deposits was \$180,531 and the bank balances were \$272,568. Of the bank balances, \$272,568 was covered by federal depository insurance. The remaining deposits for the primary government were uninsured and uncollateralized and were held by various financial institutions.

Primary Government:

Cash and investments as of December 31, 2006, consist of the following:

	<u>Fair Value</u>
Demand Deposits	195,727
Investments - PTIF	24,165,348
Zion's Escrow Accounts	743,568
Repurchase Agreements	<u>118,047</u>
Total Cash and Investments	<u><u>25,222,690</u></u>

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	16,030,584
Governmental Activities - Restricted	719,877
Fiduciary Fund	<u>8,472,229</u>
Total Cash and Cash Equivalents	<u><u>25,222,690</u></u>

Component Units:

Cash and investments as of December 31, 2006, consist of the following:

	<u>Fair Value</u>
Demand Deposits	180,531
Investments - PTIF	<u>6,881,419</u>
Total Cash and Investments	<u><u>7,061,950</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	4,893,296
Governmental Activities - Restricted	<u>2,168,654</u>
Total Cash and Cash Equivalents	<u><u>7,061,950</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that County funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

Custodial Credit Risk:

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of December 31, 2006, \$3,532 of the local government's bank balances of \$203,532 were uninsured and uncollateralized.

Credit Risk:

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended December 31, 2006, the local government has investments of \$24,165,348 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - ECONOMIC DEPENDENCY

Emery County is dependent on Utah Power and Light Company for 60% of its property tax revenue. Of the tax revenue generated by the County, 87% is from State assessed property. If this revenue source was not available, Emery County would lose the majority of its property tax revenue.

NOTE 4 - NOTES RECEIVABLE

The amount of \$341,163 represents amounts due the Economic Development Fund from small business owners who have borrowed money from the revolving loan fund.

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2006, was as follows:

Capital Assets (Primary Government):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	185,186	-	-	185,186
Land Under Roads	2,582,400	-	-	2,582,400
Land - Rights of Way	291,000	-	-	291,000
Water Shares	55,500	-	-	55,500
Infrastructure	<u>8,942,000</u>	<u>-</u>	<u>-</u>	<u>8,942,000</u>
 Total Capital Assets Not Being Depreciated	 <u>12,056,086</u>	 <u>-</u>	 <u>-</u>	 <u>12,056,086</u>
 Capital Assets Being Depreciated:				
Buildings	14,446,386	-	21,350	14,425,036
Imprv. Other Than Bldgs	321,706	-	-	321,706
Auto	3,482,993	469,514	23,747	3,928,760
Equipment	<u>5,042,670</u>	<u>499,547</u>	<u>244,734</u>	<u>5,297,483</u>
 Total Capital Assets Being Depreciated	 <u>23,293,755</u>	 <u>969,061</u>	 <u>289,831</u>	 <u>23,972,985</u>
 Less Accumulated Depreciation For:				
Buildings	1,807,581	322,055	5,335	2,124,301
Imprv. Other Than Bldgs	103,818	11,439	-	115,257
Auto	2,450,674	309,379	21,873	2,738,180
Equipment	<u>4,247,953</u>	<u>183,649</u>	<u>244,734</u>	<u>4,186,868</u>
 Total Accumulated Depreciation	 <u>8,610,026</u>	 <u>826,522</u>	 <u>271,942</u>	 <u>9,164,606</u>
 Total Capital Assets Being Depreciated (Net)	 <u>14,683,729</u>	 <u>142,539</u>	 <u>17,889</u>	 <u>14,808,379</u>
 Governmental Activities Capital Assets, Net	 <u>26,739,815</u>	 <u>142,539</u>	 <u>17,889</u>	 <u>26,864,465</u>

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>
General Government	65,250
Public Safety	489,124
Public Health	125,830
Highways and Public Improvements	136,650
Parks and Recreation	<u>9,668</u>
Total Depreciation Expense	<u><u>826,522</u></u>

Component Units:

Statement of Changes in Capital Assets (Component Units) as of December 31, 2006:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	<u>218,683</u>	<u>-</u>	<u>-</u>	<u>218,683</u>
Land	<u>218,683</u>	<u>-</u>	<u>-</u>	<u>218,683</u>
Capital Assets Being Depreciated:				
Buildings	447,703	-	-	447,703
Improvements	28,584,717	418,630	395,909	28,607,438
Equipment	<u>3,973,861</u>	<u>86,697</u>	<u>52,606</u>	<u>4,007,952</u>
Total Capital Assets Being Depreciated	<u>33,006,281</u>	<u>505,327</u>	<u>448,515</u>	<u>33,063,093</u>
Less Accumulated Depreciation For:				
Buildings	73,761	11,192	-	84,953
Improvements	10,152,017	736,767	193,376	10,695,408
Equipment	<u>2,831,006</u>	<u>231,303</u>	<u>52,606</u>	<u>3,009,703</u>
Total Accumulated Depreciation	<u>13,056,784</u>	<u>979,262</u>	<u>245,982</u>	<u>13,790,064</u>
Total Capital Assets Being Depreciated (Net)	<u>19,949,497</u>	<u>(473,935)</u>	<u>202,533</u>	<u>19,273,029</u>
Governmental Activities Capital Assets, Net	<u><u>20,168,180</u></u>	<u><u>(473,935)</u></u>	<u><u>202,533</u></u>	<u><u>19,491,712</u></u>

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Not Being Depreciated:				
Land	22,507	-	-	22,507
Water Stock	850,302	5,400	-	855,702
Work In Progress	-	40,232	-	40,232
Total Capital Assets Not Being Depreciated	<u>872,809</u>	<u>45,632</u>	<u>-</u>	<u>918,441</u>
Capital Assets Being Depreciated:				
Buildings	11,281	-	-	11,281
Improvements	4,011,521	-	-	4,011,521
Equipment	228,907	25,512	18,905	235,514
Total Capital Assets Being Depreciated	<u>4,251,709</u>	<u>25,512</u>	<u>18,905</u>	<u>4,258,316</u>
Less Accumulated Depreciation For:				
Buildings	8,649	2,245	-	10,894
Improvements	1,562,727	64,328	-	1,627,055
Equipment	120,237	64,602	18,905	165,934
Total Accumulated Depreciation	<u>1,691,613</u>	<u>131,175</u>	<u>18,905</u>	<u>1,803,883</u>
Total Capital Assets Being Depreciated (Net)	<u>2,560,096</u>	<u>(105,663)</u>	<u>-</u>	<u>2,454,433</u>
Business Type Activities Capital Assets, Net	<u>3,432,905</u>	<u>(60,031)</u>	<u>-</u>	<u>3,372,874</u>
Total - Government Wide	<u><u>23,601,085</u></u>	<u><u>(533,966)</u></u>	<u><u>202,533</u></u>	<u><u>22,864,586</u></u>

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 6 - PUBLIC SAFETY COMPLEX

During 2001 the Municipal Building Authority of Emery County issued \$2,250,000 Taxable Lease Revenue Bonds, Series 2001A and \$2,000,000 Lease Revenue Bonds, Series 2001B for the purpose of financing the acquisition and construction of a jail facility and related public safety improvements and to pay costs of issuance of the Series 2001A and 2001B Bonds.

The Series 2001A Bonds were purchased by the State of Utah Community Impact Board at 0% interest and requires 15 yearly payments of \$150,000 beginning in March of 2008. The original issue date was July 27, 2001.

The Series 2001B Bonds were purchased by Wells Fargo Bank with interest at 4.07% and required one payment on August 1, 2003 of \$2,168,821 including interest. The original issue date was July 27, 2001.

The 2001 Project has been leased by the Municipal Building Authority to Emery County under the terms of an annually renewable Master Lease Agreement dated as of July 1, 2001. Under the master lease, the County has agreed to pay the Municipal Building Authority annual base rentals as defined in the lease agreement in consideration of its right to use the 2001 project and for the option to purchase granted in the lease agreement. During 2002 the County refunded the \$2,000,000 bond and issued other bonds in the amount of \$4,850,000 which includes funding for a new court complex.

The funding for the cost of the new Public Safety Complex is as follows:

	<u>Amount</u>
Community Impact Board Bonds	2,250,000
Wells Fargo 2002 Bonds	4,850,000
Wells Fargo 2003 Bonds	162,000
Community Impact Board Grant	<u>413,000</u>
Total	<u><u>7,675,000</u></u>

NOTE 7 - COMPENSATED ABSENCES

Compensated absences of Emery County represent accrued vacation and sick pay at December 31, 2006, in the amount of \$949,464.

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 8 - LONG-TERM DEBT

Lease Revenue Bonds, Series 2001A:

During 2001 the County issued Lease Revenue Bonds in the amount of \$2,250,000 for the purpose of constructing a new public safety building. The bonds require yearly payments with 0% interest.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	-	-	-
2008	150,000	-	150,000
2009	150,000	-	150,000
2010	150,000	-	150,000
2011	150,000	-	150,000
2012-2016	750,000	-	750,000
2017-2021	750,000	-	750,000
2022-2026	150,000	-	150,000
Total	<u>2,250,000</u>	<u>-</u>	<u>2,250,000</u>

Lease Revenue Bonds, Series 2002:

During the year the County issued Lease Revenue Bonds in the amount of \$4,850,000 for the purpose of constructing a new court complex in conjunction with the new public safety building. The bonds require yearly payments with interest ranging from 3.5% to 5.125%.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	280,000	183,573	463,573
2008	140,000	175,173	315,173
2009	145,000	169,473	314,473
2010	150,000	163,573	313,573
2011	160,000	157,173	317,173
2012-2016	890,000	675,879	1,565,879
2017-2021	1,120,000	333,891	1,453,891
2022-2026	1,160,000	75,850	1,235,850
Total	<u>4,045,000</u>	<u>1,934,585</u>	<u>5,979,585</u>

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 8 - LONG-TERM DEBT (CONTINUED)
Long-Term Debt - Primary Government (Continued):

The following is a schedule of changes in long-term debt for the Primary Government as of December 31, 2006:

	Date of Issue	Interest Rate	Total Issued	Outstanding December 31,		Outstanding December 31, 2006
				2005	Issued	
Building Authority:						
PCIB Taxable Lease Revenue Bonds	2001	0%	2,250,000	2,250,000	-	2,250,000
Wells Fargo Bank Revenue Bonds	2002	3.5% - 5.125%	4,850,000	4,320,000	-	4,045,000
Grand Total			7,100,000	6,570,000	-	6,295,000

The following is a summary of all long-term debt service charges to maturity.

	Principal	Interest	Total
2007	280,000	183,573	463,573
2008	290,000	175,173	465,173
2009	295,000	169,473	464,473
2010	300,000	163,573	463,573
2011	310,000	157,173	467,173
2012-2016	1,640,000	675,879	2,315,879
2017-2021	1,870,000	333,891	2,203,891
2022-2026	1,310,000	75,850	1,385,850
	6,295,000	1,934,585	8,229,585

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE 8 - LONG-TERM DEBT (CONTINUED)
Long-Term Debt (Component Units):

The following is a schedule of changes in Bonds Payable - Governmental (Component Units):

	Balance December 31, 2005	Debt Retirement/ Defeasement	New Issues	Balance December 31, 2006
Water Bonds - 2001	229,148	114,574	-	114,574
Water Bonds - 2004	43,000	43,000	-	-
GOB Series 1999A	300,000	300,000	-	-
GOB Series 2000A	618,000	200,000	-	418,000
GOB Series 2001A	630,000	205,000	-	425,000
GOB Series 2002	456,000	148,000	-	308,000
GOB Series 2003A	1,000,000	-	-	1,000,000
GOB Series 2003B	2,070,000	30,000	-	2,040,000
GOB Series 2004A	1,273,300	113,300	-	1,160,000
GOB Series 2005	1,200,000	-	-	1,200,000
GOB Series 2006	-	-	1,228,000	1,228,000
CIB Lease Revenue Bond	126,000	21,000	-	105,000
CIB Loan - 1999	202,000	48,000	-	154,000
CIB Loan - 1999	203,000	41,000	-	162,000
GRAND TOTAL	<u>8,350,448</u>	<u>1,263,874</u>	<u>1,228,000</u>	<u>8,314,574</u>

The following is a schedule of Long-Term Debt to maturity:

	Water Bonds 2001	GOB Series 2000A	GOB Series 2001A	GOB Series 1999B	GOB Series 2003A	GOB Series 2003B	GOB Series 2004A
2007	28,644	206,000	210,000	151,000	-	75,000	116,000
2008	28,644	212,000	215,000	157,000	-	80,000	119,000
2009	28,644	-	-	-	325,000	360,000	123,000
2010	28,642	-	-	-	335,000	375,000	126,000
2011	-	-	-	-	340,000	390,000	129,000
2012-2016	-	-	-	-	-	760,000	547,000
	<u>114,574</u>	<u>418,000</u>	<u>425,000</u>	<u>308,000</u>	<u>1,000,000</u>	<u>2,040,000</u>	<u>1,160,000</u>
	GOB Series 2005	GOB Series 2006	CIB Lease Bond 2001	CIB Loan 1999	CIB Loan 1999	Totals	
2007	228,000	-	21,000	50,000	41,000	1,126,644	
2008	234,000	-	21,000	51,000	41,000	1,158,644	
2009	240,000	246,000	21,000	53,000	40,000	1,436,644	
2010	246,000	246,000	21,000	-	40,000	1,417,642	
2011	252,000	246,000	21,000	-	-	1,378,000	
2012-2016	-	490,000	-	-	-	1,797,000	
	<u>1,200,000</u>	<u>1,228,000</u>	<u>105,000</u>	<u>154,000</u>	<u>162,000</u>	<u>8,314,574</u>	

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 9 - MUNICIPAL SOLID WASTE LANDFILL - CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an expenditure in the general fund each period based on landfill capacity used as of each balance sheet date. The landfill began accepting waste in mid 1995. The annual estimated postclosure care costs were estimated to cost \$12,000 annually. Closure costs have been estimated at \$254,000. An additional 25 percent (\$63,500) could be required for legal fees above the cost estimate for closure. These amounts are based on what it would cost to perform all closure and postclosure care when the landfill is filled to capacity. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. Accrued landfill costs at December 31, 2006, were \$144,000.

The County is required by State and Federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements, and on October 5, 1994, the Emery County Commissioners passed a resolution to establish a financial assurance trust fund in the amount of \$133,000. The resolution has been acted on and the effective date of the financial assurance mechanism is October 5, 1994. Money deposited in the trust fund will be used exclusively for closure, postclosure care, and corrective action. Interest earned on the fund will be deposited to the Trust Fund. The fund will be evaluated on an annual basis and may be increased as needed by resolution. The balance at year end was \$275,265.

NOTE 10 - TAX STABILITY AND TRUST FUND

In July of 1980, the Emery County Commission established an ordinance amending the 1980 budget to establish a Tax Stability and Trust Fund and reduce a department within the General Fund in accordance with Section 17-4-14 of the Utah Code Annotate, 1953. The accumulated amount in the fund at year end was \$7,046,525. There was no activity in trust fund during the current year.

NOTE 11- LIBRARY TAX STABILITY AND TRUST FUND

On October 3, 1984, the Emery County Commission adopted an ordinance establishing a Library Tax Stability and Trust Fund in accordance with Section 17-4-14 of the Utah Code Annotated, 1953, as amended. The ordinance authorized the Auditor to transfer \$575,782 from the Library Fund Surplus to the newly created Library Tax Stability and Trust Fund. The balance in the fund at December 31, 2006, was \$725,782. Interest earned on this balance is recorded as revenue in the Library Special Revenue Fund. There was no activity in trust fund during the current year.

NOTE 12 - HEALTH INSURANCE FUND

In an effort to reduce health care costs and provide the desired coverage, on July 1, 1989, Emery County elected to partially self insure their health care costs in conjunction with a re-insurance provider. The County is responsible for all health care costs up to \$25,000 per claim. However, the maximum total cost the County could be liable for per year in the aggregate is \$1,450,629.

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 12 - HEALTH INSURANCE FUND (CONTINUED)

The Special Revenue Fund charged the General Fund Departments the same premium for health insurance as the departments were paying previously. All claims are processed through a third party administrator who provides a full accounting of claims activity to the County.

NOTE 13 - EMERY COUNTY NURSING HOME

The Emery County Nursing Home is operated by the Emery County Nursing Home, Inc., a non-profit corporation. The governing board is a board of trustees comprised of nine members. The day to day management resides with the Governing Board and Nursing Home Administrator. The County Commission each year budgets amounts to cover certain expenditures of the Nursing Home. The amount of contributions to the Nursing Home during 2006 was \$29,053.

NOTE 14 - BUILDING ADDITION - EMERY COUNTY NURSING HOME

During 1997 the Municipal building Authority received a Community Impact Board grant in the amount of \$500,000 for the construction of a building addition to the Emery County Nursing Home. The County general fund contributed to the Building Authority sufficient additional money to complete the project. The Building Authority now leases the building addition to the Nursing Home. The lease requires monthly payments of \$3,500.

NOTE 15 - EMERY COUNTY ECONOMIC DEVELOPMENT PROGRAM

As of January 1, 1988, Emery County approved the inclusion of the Emery County Economic Development Program as part of County operations. The operation has been incorporated as a Special Revenue Fund. The purpose of the program is to promote economic development within the County. It will continue to operate with an economic development board composed of various residents of the County under the direction of the County Commission.

NOTE 16 - CLASS B ROADS

Following is a schedule of revenues, expenditures and changes in fund balance for Class B Roads:

Fund Balance - Beginning of Year		922,060
Revenues:		
Class B Road Allotments	1,458,219	
Interest	40,576	
Transfer From General Fund	500,000	
Other	<u>33,812</u>	
Total Revenues		2,032,607
Expenditures		<u>(1,466,835)</u>
Fund Balance - End of Year		<u><u>1,487,832</u></u>

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 17 - MUNICIPAL BUILDING AUTHORITY

On March 16, 1994, the County Commissioners organized the Municipal Building Authority to acquire, improve or extend one or more projects and to finance their costs on behalf of the public body that created it and to all other lawful things allowed by law for this type of corporation. The trustees of the Building Authority consists of seven board members, three of which are the duly elected County Commissioners. The Building Authority is treated as a blended component unit for County reporting purposes.

NOTE 18 - RELATED ORGANIZATION

Emery County Water Conservancy District (Proprietary Fund Type) - This District operates under a board of trustees form of government and provides the following services: Oversees the management of Joe's Valley Dam and delivery systems that carry industrial, irrigation and municipal water to users. The District is also responsible for monitoring and recording the amount of water delivered to individual users.

Emery County has no financial benefit or burden with the Emery County Water Conservancy District. The County is not liable for any debts incurred by the District.

NOTE 19 - TRANSFERS

<u>Description</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	-	815,793
Debt Service	-	18,415
Transient Room Tax	-	12,000
Economic Development	102,760	
Municipal Building Authority	18,415	
Class B Road	500,000	-
Drug Court	5,000	-
Drug Task Force	79,100	-
San Rafael Museum	70,150	-
Fair	50,500	-
Insurance Fund	<u>20,283</u>	<u>-</u>
	<u>846,208</u>	<u>846,208</u>

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 19 - TRANSFERS (CONTINUED)

Transfers were made for the following purposes:

- * The Transient Room Tax Fund transferred \$12,000 to the San Rafael Museum Fund for operations.
- * The General Fund transferred \$102,760 to the Economic Development Fund to help fund County promotion.
- * The Debt Service Fund transferred \$18,415 to the Municipal Building Authority for debt service.
- * The General Fund transferred \$500,000 to the Class B Road Fund for road expenditures.
- * The General Fund transferred \$5,000 to the Drug Court Fund for drug court expenditures.
- * The General Fund transferred \$79,100 to the Drug Task Force Fund for current operations.
- * The General Fund transferred \$58,150 to the San Rafael Museum Fund to help fund County promotion.
- * The General Fund transferred \$50,500 to the Fair Fund for County Fair expenditures.
- * The General Fund transferred \$20,283 to the Insurance Fund for insurance expenditures.

NOTE 20 - PENSION PLAN

Local Governmental - Cost Sharing:

Plan Description:

Emery County contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System and Public Safety Other Division A Noncontributory Retirement System for employers with Social Security coverage, all of which are cost-sharing multiple employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Act in Chapter 49 provides for the administration of the Utah Retirement Systems and plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that included financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 20 - PENSION PLAN (CONTINUED)

Funding Policy:

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the system to which they belong; 6.00% to the Contributory Retirement System. Emery County is required to contribute a percent of covered salary to the respective systems, 7.58% to the Contributory, 11.59% to the Noncontributory and 22.38% to the Public Safety Noncontributory Systems. The contribution rates are the actuarially determined rates and are approved by the Board approved by the Board as authorized by Chapter 49.

Emery County contributions to the various systems for the years ending December 31, 2006, 2005 and 2004 respectively were; for the Contributory System, \$25,373.73, \$27,085.84 and \$32,022.41; for the Noncontributory System, \$251,693.09, \$247,354.99 and \$223,859.76; and for the Public Safety Noncontributory, \$262,456.77, \$244,768.97 and \$226,838.78 respectively. The conditions were equal to the required contributions for each year.

NOTE 21 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the Utah Association of Counties Insurance Mutual, a self-funded risk financing pool administered by the Utah Association of Counties. Through the Mutual, the County maintains general liability, errors and omissions, flood, earthquake, newly acquired property, builders risk, unscheduled location, and crime. The Mutual is reinsured through commercial companies to provide the following coverage:

General Liability:

\$1,000,000 per occurrence and \$3,000,000 in the aggregate

Real and Personal Property:

\$100,000,000 per occurrence, including flood and earthquake, subject to applicable aggregates.

Automobile:

\$1,150,000 automobile physical damage; \$1,250,000 automobile liability.

Public Officials Liability:

\$1,000,000 per occurrence and \$1,000,000 aggregate per member.

Boiler and Machinery:

\$50,000,000 limit, \$1,000 deductible.

The Mutual does not provide coverage for all risks and hazards, however, the County has obtained coverage for these risks through other commercial carriers for employee accidental death and dismemberment, workers compensation, and surety bond coverage.

Claims have not exceeded coverage in any of the last three calendar years.

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 22 - INDIVIDUAL COMPONENT UNIT DISCLOSURES

Emery County has four component units that are governmental fund types and one component unit that is a proprietary fund type. These component units are described below:

Governmental Fund Types:

Castle Valley Special Service District:

The District provides the following services in the County: culinary water, pressurized irrigation, sewer, drainage and road improvements and maintenance.

Emery County Special Service District #1:

The District's purpose is the improving of the County road system in Emery County.

Emery County Recreation Special Service District:

The District was established for the purpose of constructing and improving the recreational facilities for the residents of Emery County.

Emery County Fire Protection Special Service District:

The District was created for the purpose of the construction of improvements for fire control, public health, convenience and the necessity of providing fire protection to the residents of Emery County.

Proprietary Fund Types:

North Emery Water Users Special Service District:

The District was established for the acquisition of the necessary facilities, appurtenances and equipment to process and distribute culinary water to residents within the Districts boundaries.

Condensed financial statements for each of the five discretely presented component units for the year ended December 31, 2006 are as follows:

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE 22 - INDIVIDUAL COMPONENT UNIT DISCLOSURES (CONTINUED)
Condensed Financial Statements - Discretely Presented Component Units:

Condensed Statement of Net Assets:

	Castle Valley Special Service District	Emery County Special Service District #1	Emery County Recreation Special Service District	Emery County Fire Protection Special Service District	North Emery Water Users Special Service District	Total
Assets:						
Current Assets	1,062,441	3,094,120	110,207	519,006	275,976	5,061,750
Noncurrent Assets:						
Restricted Cash	2,056,218	-	20,300	-	92,136	2,168,654
Bond Costs	53,724	-	-	-	-	53,724
Capital Assets (Net)	18,624,454	-	333,375	533,883	3,372,874	22,864,586
Total Assets	21,796,837	3,094,120	463,882	1,052,889	3,740,986	30,148,714
Liabilities:						
Current Liabilities	1,294,828	248,286	23,160	91,000	75,290	1,732,564
Noncurrent Liabilities:						
Deferred Revenue	-	-	-	-	69,472	69,472
G. O. Bonds Payable	6,793,000	-	-	-	-	6,793,000
Revenue Bonds Payable	-	-	84,000	225,000	85,931	394,931
Capital Lease Payable	73,726	-	-	-	-	73,726
Compensated Absences	80,166	-	-	-	-	80,166
Total Liabilities	8,241,720	248,286	107,160	316,000	230,693	9,143,859
Net Assets:						
Capital Assets - Net of Related Debt	10,691,433	-	228,375	217,883	3,258,300	14,395,991
Restricted	2,056,218	2,624,140	20,300	-	92,136	4,792,794
Unrestricted	807,466	221,694	108,047	519,006	159,857	1,816,070
Total Net Assets	13,555,117	2,845,834	356,722	736,889	3,510,293	21,004,855
Total Liabilities and Net Assets	21,796,837	3,094,120	463,882	1,052,889	3,740,986	30,148,714

EMERY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE 22 - INDIVIDUAL COMPONENT UNIT DISCLOSURES (CONTINUED)
Condensed Statements of Revenues, Expenditures, and Changes In Fund Net Assets:

Governmental Activities:

	Castle Valley Special Service District	Emery County Special Service District #1	Emery County Recreation Special Service District	Emery County Fire Protection Special Service District	Total
Revenues					
Current Expenditures	4,099,355 <u>(4,679,884)</u>	1,706,191 <u>(1,051,005)</u>	390,081 <u>(351,841)</u>	298,596 <u>(245,995)</u>	6,494,223 <u>(6,328,725)</u>
Change in Net Assets	(580,529)	655,186	38,240	52,601	165,498
Net Assets - Beginning	14,135,646	2,190,648	318,482	684,288	17,329,064
Net Assets - Ending	<u>13,555,117</u>	<u>2,845,834</u>	<u>356,722</u>	<u>736,889</u>	<u>17,494,562</u>

Business-Type Activities:

	North Emery Water Users Special Service District	Total
Operating Revenue	179,182	179,182
Operating Expenses:		
Depreciation	(131,175)	(131,175)
Other	(173,042)	(173,042)
Operating Income (Loss)	(125,035)	(125,035)
Nonoperating Income (Expense):		
Operating Grants and Intergovernmental	105,816	105,816
Other Income (Expense)	13,060	13,060
Interest Income	14,445	14,445
Total Nonoperating Income (Expense)	133,321	133,321
Change in Net Assets	8,286	8,286
Net Assets - Beginning	3,502,007	3,502,007
Net Assets - Ending	<u>3,510,293</u>	<u>3,510,293</u>

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

EMERY COUNTY
CONDITION RATING OF THE COUNTY'S ROAD SYSTEM

For The Year Ended December 31, 2006

Percentage of Lane-Miles in Good or Better Condition:

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Paved	78	77	75
Gravel	83	86	87
Dirt (Native)	73	77	80
Bridges	90	90	90
Overall System	81	80	80

Percentage of Lane-Miles in Substandard Condition:

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Paved	6	7	9
Gravel	7	5	6
Dirt (Native)	13	11	9
Bridges	10	10	10
Overall System	9	7	8

Comparison of Needed-to-Actual Maintenance/Preservation - Roads and Bridges:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Paved:					
Needed	400,000	500,000	450,000	470,000	500,000
Actual	420,000	450,000	425,000	460,000	450,000
Gravel:					
Needed	493,580	600,000	550,000	550,000	550,000
Actual	518,000	535,000	525,000	540,000	525,000
Dirt (Native):					
Needed	440,220	600,000	600,000	520,000	500,000
Actual	462,000	580,000	522,000	480,000	490,000
Overall System:					
Needed	1,333,800	1,700,000	1,600,000	1,540,000	1,550,000
Actual	1,400,000	1,565,000	1,472,000	1,480,000	1,465,000
Difference	<u>66,200</u>	<u>(135,000)</u>	<u>(128,000)</u>	<u>(60,000)</u>	<u>(85,000)</u>

The condition of road pavement is measured using the American... (AASHTO) pavement management system, which is based on stress factors found in pavement surfaces. The AASHTO pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in good condition (70-100), fair condition (50-69), and substandard condition (less than 50). It is the County's policy to maintain at least 80 percent of its paved and gravel road system at a good or better condition level. No more than 20 percent should be in substandard condition for paved and gravel roads. It is also the County's policy to maintain at least 20 percent of its native road system at a good or better condition level. No more than 80 percent should be in substandard condition for native road system. Condition assessments are determined every year.

The condition of the County's bridges is determined using its Bridge Management and Inspection Program (BMIP). The bridge condition rating, which is a weighted average of an assessment of the ability of individual components to function structurally, uses a numerical condition scale ranging from 1.0 (impaired or load restricted) to 7.0 (new). It is the County's policy to keep the number and square footage of deck area of bridges with a condition rating of 1.0 to 1.9 below 1 percent. All bridges are inspected every two years.

EMERY COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended December 31, 2006

Budgetary Comparison Schedules:

The Budgetary Comparison Schedules presented in this section of the report are for the County's General Fund.

Budgeting and Budgetary Control:

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the County Commission prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Commission through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations:

For the year ended December 31, 2006, spending for all funds and departments of the County was within the approved budgets.

**EMERY COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	5,634,300	5,692,500	5,726,514	34,014
Sales Taxes	185,000	225,000	288,402	63,402
Licenses and Permits	98,350	151,250	149,184	(2,066)
Intergovernmental Revenue	2,061,407	1,827,100	1,846,829	19,729
Charges for Services	614,000	552,150	573,130	20,980
Fines and Forfeitures	322,500	282,500	277,000	(5,500)
Interest Earnings	300,000	455,000	568,185	113,185
Miscellaneous Revenue	200,000	197,000	198,078	1,078
Transfers In	342,000	-	-	-
Total Revenues	9,757,557	9,382,500	9,627,322	244,822
Expenditures:				
General Government:				
Commission	245,450	233,250	209,818	23,432
J. P. Court	295,900	295,900	288,380	7,520
Public Defender	86,450	86,450	85,145	1,305
Special Counsel	24,500	24,000	16,964	7,036
Law Library	3,500	4,500	4,392	108
Data Processing	295,000	221,250	190,362	30,888
Clerk-Auditor	233,500	144,970	144,609	361
Treasurer	155,400	14,640	12,683	1,957
Recorder	173,600	-	-	-
Attorney	346,900	312,210	310,405	1,805
Assessor	254,420	-	-	-
Surveyor	10,000	10,000	-	10,000
Vehicle Registration	51,800	51,800	49,317	2,483
Senior Citizen	229,780	229,780	229,780	-
Courthouse	122,100	249,800	224,520	25,280
Elections	50,000	43,000	36,003	6,997
Planning and Zoning	186,900	169,800	163,602	6,198
Public Lands	94,700	97,850	95,340	2,510
Extension Service	54,800	55,100	54,366	734
Workers Compensation	80,000	67,000	65,215	1,785
County Insurance	161,944	162,175	162,125	50
Non-Departmental	152,000	166,300	141,486	24,814
Airport	20,500	5,500	5,116	384
Dues and Contributions	144,000	376,841	103,017	273,824
Audit	18,000	18,000	18,000	-
Personnel Director	79,350	72,000	70,176	1,824
Total General Government	3,570,494	3,112,116	2,680,821	431,295

**EMERY COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note A)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued):				
Public Safety:				
Sheriff	2,138,854	2,042,700	2,011,544	31,156
Traffic Enforcement	122,400	126,000	123,030	2,970
Wildland Fire	13,523	16,300	11,244	5,056
Corrections	595,000	590,000	587,708	2,292
Detention	95,500	96,250	96,141	109
Communications	455,500	523,000	516,345	6,655
Animal Control	22,420	36,900	36,067	833
Homeland Security	655,407	279,000	263,565	15,435
Lease Payment	469,000	469,000	468,985	15
Total Public Safety	<u>4,567,604</u>	<u>4,179,150</u>	<u>4,114,629</u>	<u>64,521</u>
Public Health:				
Health Services	78,943	78,943	78,943	-
Mental Health	59,131	59,131	59,131	-
Ambulance	420,500	416,800	389,971	26,829
Landfill	179,050	163,550	162,368	1,182
Weed Control	238,275	248,800	235,432	13,368
Poor and Indigent	3,000	3,000	1,153	1,847
Total Public Health	<u>978,899</u>	<u>970,224</u>	<u>926,998</u>	<u>43,226</u>
Highway and Public Improvements:				
County Roads	<u>343,300</u>	<u>256,900</u>	<u>248,267</u>	<u>8,633</u>
Parks and Recreation:				
Television	<u>38,000</u>	<u>57,000</u>	<u>56,456</u>	<u>544</u>
Transfers Out	<u>259,260</u>	<u>807,110</u>	<u>803,794</u>	<u>3,316</u>
Total Expenditures	<u>9,757,557</u>	<u>9,382,500</u>	<u>8,830,965</u>	<u>551,535</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	796,357	<u>796,357</u>
Fund Balance - Beginning			<u>5,216,448</u>	
Fund Balance - Ending			<u>6,012,805</u>	

**EMERY COUNTY
BUDGETARY COMPARISON SCHEDULE
CLASS B ROAD**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	1,598,550	1,415,900	1,458,219	42,319
Interest	15,000	46,500	40,576	(5,924)
Reimbursements	10,000	-	24,332	24,332
Miscellaneous	15,000	9,000	9,482	482
Transfer From General Fund	-	500,000	500,000	-
Total Revenues	<u>1,638,550</u>	<u>1,971,400</u>	<u>2,032,609</u>	<u>61,209</u>
Expenditures:				
County Roads	<u>1,638,550</u>	<u>1,971,400</u>	<u>1,466,837</u>	<u>504,563</u>
Total Expenditures	<u>1,638,550</u>	<u>1,971,400</u>	<u>1,466,837</u>	<u>504,563</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>565,772</u>	<u>565,772</u>
Fund Balance - Beginning			<u>922,060</u>	
Fund Balance - Ending			<u>1,487,832</u>	

**EMERY COUNTY
BUDGETARY COMPARISON SCHEDULE
INSURANCE FUND**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Revenues:				
Intergovernmental	2,000,000	2,130,000	1,880,608	(249,392)
Interest Revenue	-	70,000	68,127	(1,873)
Miscellaneous	-	-	45,913	45,913
Total Revenues	<u>2,000,000</u>	<u>2,200,000</u>	<u>1,994,648</u>	<u>(205,352)</u>
Expenditures:				
Public Health	<u>2,000,000</u>	<u>2,200,000</u>	<u>1,822,327</u>	<u>377,673</u>
Total Expenditures	<u>2,000,000</u>	<u>2,200,000</u>	<u>1,822,327</u>	<u>377,673</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	172,321	<u>172,321</u>
Fund Balance - Beginning			<u>1,306,762</u>	
Fund Balance - Ending			<u>1,479,083</u>	

**EMERY COUNTY
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL BUILDING AUTHORITY**

For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Revenues:				
Intergovernmental	705,000	956,850	899,784	(57,066)
Interest Revenue	38,000	118,500	102,209	(16,291)
Lease Revenue	526,000	469,000	526,321	57,321
Transfer from General Fund	-	-	18,415	18,415
Use of Surplus	443,300	-	-	-
Total Revenues	<u>1,712,300</u>	<u>1,544,350</u>	<u>1,546,729</u>	<u>2,379</u>
Expenditures:				
Bond Principal	275,000	275,000	275,000	-
Bond Interest	199,000	199,000	198,685	315
Capital Outlay	896,300	1,070,350	221,594	848,756
Transfer To General Fund	342,000	-	-	-
Total Expenditures	<u>1,712,300</u>	<u>1,544,350</u>	<u>695,279</u>	<u>849,071</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>851,450</u>	<u>851,450</u>
Fund Balance - Beginning			<u>1,909,962</u>	
Fund Balance - Ending			<u>2,761,412</u>	

**COMBINING FINANCIAL
STATEMENTS AND SCHEDULES**

EMERY COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL FIDUCIARY FUNDS

For The Year Ended December 31, 2006

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006
PROPERTY TAX FUND				
ASSETS				
Cash	<u>180,393</u>	<u>19,595,094</u>	<u>19,645,592</u>	<u>129,895</u>
LIABILITIES				
Collections Payable	<u>180,393</u>	<u>19,595,094</u>	<u>19,645,592</u>	<u>129,895</u>
GENERAL TAX STABILITY AND TRUST FUND				
ASSETS				
Cash	<u>7,046,525</u>	<u>-</u>	<u>-</u>	<u>7,046,525</u>
FUND BALANCE				
Fund Balance	<u>7,046,525</u>	<u>-</u>	<u>-</u>	<u>7,046,525</u>
COMPENSATED ABSENCES TRUST FUND				
ASSETS				
Cash	<u>141,692</u>	<u>7,621</u>	<u>-</u>	<u>149,313</u>
FUND BALANCE				
Fund Balance	<u>141,692</u>	<u>7,621</u>	<u>-</u>	<u>149,313</u>
LIBRARY TAX STABILITY AND TRUST FUND				
ASSETS				
Cash	<u>725,782</u>	<u>-</u>	<u>-</u>	<u>725,782</u>
FUND BALANCE				
Fund Balance	<u>725,782</u>	<u>-</u>	<u>-</u>	<u>725,782</u>
JUSTICE COURT FUND				
ASSETS				
Cash	<u>147,007</u>	<u>316,139</u>	<u>317,697</u>	<u>145,449</u>
LIABILITIES				
Collections Payable	<u>147,007</u>	<u>316,139</u>	<u>317,697</u>	<u>145,449</u>

(Continued)

EMERY COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL FIDUCIARY FUNDS

For The Year Ended December 31, 2006

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006
PAYROLL TRUST FUND				
ASSETS				
Cash	-	1,621,741	1,621,741	-
FUND BALANCE				
Fund Balance	-	1,621,741	1,621,741	-
LANDFILL ASSURANCE FUND				
ASSETS				
Cash	261,924	13,341	-	275,265
FUND BALANCE				
Fund Balance	261,924	13,341	-	275,265
TOTALS - ALL FIDUCIARY FUNDS				
ASSETS				
Cash	8,503,323	21,553,936	21,585,030	8,472,229
TOTAL ASSETS	8,503,323	21,553,936	21,585,030	8,472,229
LIABILITIES				
Collections Payable	327,400	19,911,233	19,963,289	275,344
FUND BALANCE				
Fund Balance	8,175,923	1,642,703	1,621,741	8,196,885
TOTAL LIABILITIES AND FUND BALANCE	8,503,323	21,553,936	21,585,030	8,472,229

**EMERY COUNTY
NONMAJOR GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2006

Descriptions of Non-Major Governmental Funds:

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Revolving Loan Fund

This fund is used to loan monies to qualifying businesses for economic development purposes. The fund also records payment of principal and interest on the loans.

Drug Court Fund:

This fund is used to account for monies used in administering the drug court program.

E-911 Fund:

This fund is used to account for monies collected on telephone bills for providing 911 emergency services in the County.

Narcotics Task Force Fund:

This fund is used to account for the activities of the narcotics task force in the County. These funds are restricted for providing law enforcement activities regarding illegal drug use in the County.

Economic Development Fund:

This fund accounts for the monies received and expenditures relating to promotion of Emery County.

San Rafael Museum Fund:

This fund is used to account for the activity in the San Rafael Museum.

Historic Preservation Fund:

This fund is used to account for the cost of documenting the history of Emery County

Library Fund:

This fund accounts for tax monies received from property taxes to fund the costs of maintaining the eight County libraries.

**EMERY COUNTY
NONMAJOR GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2006

Transient Room Tax Fund:

This fund is used to account for room taxes collected within the County to fund the economic development activities of the County.

Flood Control Fund:

This fund is used to offset the cost of floods in Emery County.

County Fair Fund:

The County Fair Fund is to account for revenues and expenditures in connection with the County Fair.

Assessing and Collecting Fund:

This fund accounts for property tax revenues and expenditures related to assessing and collecting taxes. Expenditures are allocated based on estimated time and materials expended for assessing and collecting.

Industrial Park:

This fund is used to account for monies received and expended associated with land sales within the industrial park.

Debt Service funds are used to account for payment of debt service payment in the County.

Debt Service Fund:

This fund accounts for monies received for the payment of debt incurred by the County for capital improvement projects.

Capital Replacement Fund:

The purpose of the Capital Replacement Fund is to generate funds to acquire capital outlay items for the County when needed.

**EMERY COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2006

	<u>Revolving Loan Fund</u>	<u>Drug Court</u>	<u>E-911</u>	<u>Narcotics Task Force</u>	<u>Economic Develop.</u>	<u>San Rafael Museum</u>	<u>Historic Preserv.</u>
ASSETS							
Cash	-	(18,045)	206,422	4,670	40,295	53,783	(2,087)
Restricted Cash - Bond Reserves	-	-	-	-	-	-	-
Restricted Cash - Loan Funds	58,742	-	-	-	-	-	-
Due from Other Government Units	-	39,569	-	3,921	-	-	2,100
Notes Receivable	<u>341,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>399,905</u></u>	<u><u>21,524</u></u>	<u><u>206,422</u></u>	<u><u>8,591</u></u>	<u><u>40,295</u></u>	<u><u>53,783</u></u>	<u><u>13</u></u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140</u>	<u>5,691</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140</u>	<u>5,691</u>	<u>-</u>
Fund Balances:							
Reserved, Reported in:							
Special Revenue Funds	399,905	-	-	-	-	-	-
Unreserved, Reported in:							
Debt Service Fund	-	-	-	-	-	-	-
Capital Improvement Funds	-	-	-	-	-	-	-
Special Revenue Funds	<u>-</u>	<u>21,524</u>	<u>206,422</u>	<u>8,591</u>	<u>40,155</u>	<u>48,092</u>	<u>13</u>
Total Fund Balances	<u><u>399,905</u></u>	<u><u>21,524</u></u>	<u><u>206,422</u></u>	<u><u>8,591</u></u>	<u><u>40,155</u></u>	<u><u>48,092</u></u>	<u><u>13</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>399,905</u></u>	<u><u>21,524</u></u>	<u><u>206,422</u></u>	<u><u>8,591</u></u>	<u><u>40,295</u></u>	<u><u>53,783</u></u>	<u><u>13</u></u>

<u>Library</u>	<u>Transient Room Tax</u>	<u>Flood Control</u>	<u>County Fair</u>	<u>Assessing and Collecting</u>	<u>Industrial Park</u>	<u>Debt Service</u>	<u>Capital Replacement</u>	<u>Total Nonmajor Government Funds</u>
370,017	186,638	525,702	1,683	11,733	28,167	-	1,009,623	2,418,601
-	-	-	-	-	-	719,877	-	719,877
-	-	-	-	-	-	-	-	58,742
-	-	-	-	-	-	-	-	45,590
-	-	-	-	-	-	-	-	341,163
<u>370,017</u>	<u>186,638</u>	<u>525,702</u>	<u>1,683</u>	<u>11,733</u>	<u>28,167</u>	<u>719,877</u>	<u>1,009,623</u>	<u>3,583,973</u>
<u>2,048</u>	<u>4,466</u>	<u>-</u>	<u>294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,639</u>
<u>2,048</u>	<u>4,466</u>	<u>-</u>	<u>294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,639</u>
-	-	-	-	-	-	-	-	399,905
-	-	-	-	-	-	719,877	-	719,877
-	-	-	-	-	-	-	1,009,623	1,009,623
<u>367,969</u>	<u>182,172</u>	<u>525,702</u>	<u>1,389</u>	<u>11,733</u>	<u>28,167</u>	<u>-</u>	<u>-</u>	<u>1,441,929</u>
<u>367,969</u>	<u>182,172</u>	<u>525,702</u>	<u>1,389</u>	<u>11,733</u>	<u>28,167</u>	<u>719,877</u>	<u>1,009,623</u>	<u>3,571,334</u>
<u>370,017</u>	<u>186,638</u>	<u>525,702</u>	<u>1,683</u>	<u>11,733</u>	<u>28,167</u>	<u>719,877</u>	<u>1,009,623</u>	<u>3,583,973</u>

EMERY COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2006

	<u>Revolving Loan Fund</u>	<u>Drug Court</u>	<u>E-911</u>	<u>Narcotics Task Force</u>	<u>Economic Develop.</u>	<u>San Rafael Museum</u>	<u>Historic Preserv.</u>
Revenues:							
Property Taxes	-	-	-	-	-	-	-
Transient Room Tax	-	-	-	-	-	-	-
Intergovernmental Revenue	-	72,099	-	27,754	25,785	30,343	4,772
Interest	17,782	-	9,109	40	512	-	-
Miscellaneous	<u>28,390</u>	<u>-</u>	<u>71,347</u>	<u>-</u>	<u>173</u>	<u>2,500</u>	<u>-</u>
Total Revenues	<u>46,172</u>	<u>72,099</u>	<u>80,456</u>	<u>27,794</u>	<u>26,470</u>	<u>32,843</u>	<u>4,772</u>
Expenditures:							
Current:							
General Government	-	-	-	-	-	-	-
Public Safety	-	69,878	14,830	102,130	-	-	-
County Promotion	49,775	-	-	-	126,397	76,101	-
Culture and Education	-	-	-	-	-	-	4,772
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>49,775</u>	<u>69,878</u>	<u>14,830</u>	<u>102,130</u>	<u>126,397</u>	<u>76,101</u>	<u>4,772</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,603)</u>	<u>2,221</u>	<u>65,626</u>	<u>(74,336)</u>	<u>(99,927)</u>	<u>(43,258)</u>	<u>-</u>
Other Financing Sources (Uses):							
Transfers In	-	5,000	-	79,100	102,760	58,150	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses):	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>79,100</u>	<u>102,760</u>	<u>58,150</u>	<u>-</u>
Net Change In Fund Balance	(3,603)	7,221	65,626	4,764	2,833	14,892	-
Fund Balance - Beginning	<u>403,508</u>	<u>14,303</u>	<u>140,796</u>	<u>3,827</u>	<u>37,322</u>	<u>33,200</u>	<u>13</u>
Fund Balance - Ending	<u>399,905</u>	<u>21,524</u>	<u>206,422</u>	<u>8,591</u>	<u>40,155</u>	<u>48,092</u>	<u>13</u>

				Assessing and Collecting	Industrial Park	Debt Service	Capital Replacement Fund	Total Nonmajor Government Funds
<u>Library</u>	<u>Transient Room Tax</u>	<u>Flood Control</u>	<u>County Fair</u>					
650,887	-	-	-	664,797	-	-	-	1,315,684
-	165,795	-	-	-	-	-	-	165,795
10,460	-	-	-	-	-	-	-	171,213
41,810	-	-	-	-	1,438	34,515	62,015	167,221
8,079	-	-	21,768	47,798	-	-	-	180,055
<u>711,236</u>	<u>165,795</u>	<u>-</u>	<u>21,768</u>	<u>712,595</u>	<u>1,438</u>	<u>34,515</u>	<u>62,015</u>	<u>1,999,968</u>
-	-	-	-	700,862	-	-	-	700,862
-	-	-	-	-	-	-	-	186,838
-	162,740	-	-	-	-	-	-	415,013
628,905	-	-	70,879	-	-	-	-	704,556
-	-	-	-	-	-	-	675,510	675,510
<u>628,905</u>	<u>162,740</u>	<u>-</u>	<u>70,879</u>	<u>700,862</u>	<u>-</u>	<u>-</u>	<u>675,510</u>	<u>2,682,779</u>
<u>82,331</u>	<u>3,055</u>	<u>-</u>	<u>(49,111)</u>	<u>11,733</u>	<u>1,438</u>	<u>34,515</u>	<u>(613,495)</u>	<u>(682,811)</u>
-	-	-	50,500	-	-	-	-	295,510
-	(12,000)	-	-	-	-	(18,415)	-	(30,415)
-	(12,000)	-	50,500	-	-	(18,415)	-	265,095
82,331	(8,945)	-	1,389	11,733	1,438	16,100	(613,495)	(417,716)
<u>285,638</u>	<u>191,117</u>	<u>525,702</u>	<u>-</u>	<u>-</u>	<u>26,729</u>	<u>703,777</u>	<u>1,623,118</u>	<u>3,989,050</u>
<u>367,969</u>	<u>182,172</u>	<u>525,702</u>	<u>1,389</u>	<u>11,733</u>	<u>28,167</u>	<u>719,877</u>	<u>1,009,623</u>	<u>3,571,334</u>

**EMERY COUNTY
TREASURER'S TAX COLLECTION TRUST FUND
BALANCE SHEET**

December 31, 2006

ASSETS:

Cash In Investment Accounts	129,895
Taxes Receivable	<u>998</u>
TOTAL ASSETS	<u><u>130,893</u></u>

LIABILITIES:

Collections Payable	<u>130,893</u>
TOTAL LIABILITIES	<u><u>130,893</u></u>

**EMERY COUNTY
COUNTY TREASURER
CURRENT YEARS TAXABLE VALUES**
December 31, 2006

Taxing Units	Real and Centrally Assessed Values	Real and Centrally Assessed Tax Rates	Taxes Charged	Personal Property Values	Personal Property Tax Rates	Personal Property Taxes Charged	Total Taxes Charged
County Funds:							
General	1,502,549,062	.003569	5,362,598	16,142,449	.003601	58,129	5,420,727
County Judgement Levy	1,502,549,062	.000000	-	16,142,449	.000000	-	-
Library	1,502,549,062	.000412	619,050	16,142,449	.000416	6,715	625,765
State Assessing/Collecting	1,502,549,062	.000139	208,854	16,142,449	.000173	2,793	211,647
Local Assessing/Collecting	1,502,549,062	.000300	450,765	16,142,449	.000226	3,648	454,413
Total County Funds			<u>6,641,267</u>			<u>71,285</u>	<u>6,712,552</u>
Emery County School District	1,502,549,062	.005749	8,638,155	16,142,449	.006012	97,048	8,735,203
Emery School Judgement Levy	1,502,549,062	.000000	-	16,142,449	.000000	-	-
Cities and Towns:							
Castle Dale	36,778,913	.001778	65,393	2,406,088	.001811	4,357	69,750
Cleveland	7,613,560	.001241	9,448	313,328	.001257	394	9,842
Elmo	5,131,152	.002054	10,539	78,000	.002069	161	10,701
Emery	5,496,180	.002047	11,251	406,680	.002397	975	12,225
Ferron	26,458,998	.002104	55,670	989,549	.002283	2,259	57,929
Green River	29,866,230	.000000	-	2,263,545	.000000	-	-
Huntington	34,185,789	.001717	58,697	2,619,118	.001858	4,866	63,563
Orangeville	21,511,619	.002164	46,551	419,763	.002169	910	47,462
Clawson	2,485,555	.000729	1,812	22,870	.000772	18	1,830
Total Cities and Towns			<u>259,361</u>			<u>13,941</u>	<u>273,302</u>
Water Conservancy District	1,466,916,406	.000396	580,899	13,605,559	.000399	5,429	586,328
Water CD Judgement Levy	1,466,916,409	.000000	-	13,605,559	.000000	-	-
Castle Valley SSD	990,352,574	.002210	2,188,679	7,255,393	.002265	16,433	2,205,113
Castle Valley Judgement Levy	990,352,574	.000000	-	7,255,393	.000000	-	-
Grand County Funds:							
School District Bonds	15,586,033	.001094	17,051	1,236,890	.001228	1,519	18,570
Water Conservancy Bonds	15,586,033	.000101	1,574	1,236,890	.000109	135	1,709
Special Service District Bonds	15,586,033	.000189	2,946	1,236,890	.000204	252	3,198
Grand County Bonds	15,586,033	.000235	3,663	1,236,890	.000267	330	3,993
Total Grand County Funds			<u>25,234</u>			<u>2,236</u>	<u>27,470</u>
GRAND TOTALS			<u>18,333,595</u>			<u>206,373</u>	<u>18,539,967</u>

**EMERY COUNTY
COUNTY TREASURER
STATEMENT OF TAXES CHARGED, COLLECTED AND DISBURSED
CURRENT AND PRIOR YEARS**

December 31, 2006

TAXING UNITS	Current Years Taxes				
	Taxes Charged	Treasurer's Relief			Total Treasurer's Relief
		Unpaid Taxes	Abatements	Other	
County Funds:					
General	5,420,727	49,810	33,683	(3,461)	80,032
Emery County Library	625,765	5,750	3,888	(398)	9,240
Flood Control	-	-	-	-	-
Judgment Levy	-	-	-	-	-
Assessing & Collecting - State	211,647	1,940	1,312	(30)	3,222
Assessing & Collecting-County	454,413	4,187	2,831	(535)	6,483
Total County Funds	6,712,552	61,687	41,714	(4,424)	98,977
School Funds:					
School District - Local	6,431,076	59,091	39,959	(4,043)	95,007
School District - State	2,304,127	21,144	14,298	(858)	34,584
School Dist. - Judgment Levy	-	-	-	-	-
Total School Funds	8,735,203	80,235	54,257	(4,901)	129,591
Towns:					
Castle Dale	69,750	2,121	467	(20)	2,568
Cleveland	9,842	409	98	1	508
Elmo	10,701	1,151	171	(4)	1,318
Emery	12,225	1,160	286	(45)	1,401
Ferron	57,929	2,176	318	339	2,833
Green River	-	-	-	-	-
Huntington	63,563	3,746	208	212	4,166
Orangeville	47,462	2,353	783	(72)	3,064
Clawson	1,830	180	29	(1)	208
Total Towns	273,302	13,296	2,360	410	16,066
Other:					
Water Conservancy District	586,328	4,431	3,705	(396)	7,740
Water CD - Judgment Levy	-	-	-	-	-
Castle Valley SSD	2,205,113	15,911	17,923	(530)	33,304
Castle Valley - Judgment Levy	-	-	-	-	-
Total Other	2,791,441	20,342	21,628	(926)	41,044
Grand County Districts:					
School District	18,570	1,154	16	11	1,181
Water Conservancy	1,709	107	2	(1)	108
Special Service District	3,198	199	3	1	203
Grand County	3,993	248	4	2	254
Total Grand County Districts	27,470	1,708	25	13	1,746
GRAND TOTALS	18,539,968	177,268	119,984	(9,828)	287,424

Current Years Taxes		Other Collections				
Taxes Collected	Rate	Fee In Lieu	Miscellaneous Collections	Delinquencies		Total Apportioned
				Tax	Interest/ Penalty	
5,340,695	98.52%	240,452	48,805	55,680	17,176	5,702,808
616,525	98.52%	27,778	(1)	6,433	297	651,032
-	-	-	-	11	1	12
-	-	-	-	534	60	594
208,425	98.48%	11,552	1	2,693	120	222,791
447,930	98.57%	15,091	(1)	3,499	172	466,691
<u>6,613,575</u>	<u>98.53%</u>	<u>294,873</u>	<u>48,804</u>	<u>68,850</u>	<u>17,826</u>	<u>7,043,928</u>
6,336,069	98.52%	286,591	66,395	66,760	3,115	6,758,930
2,269,543	98.50%	114,850	-	26,815	1,219	2,412,427
-	-	-	(1)	670	75	745
<u>8,605,612</u>	<u>98.52%</u>	<u>401,441</u>	<u>66,394</u>	<u>94,245</u>	<u>4,409</u>	<u>9,172,102</u>
67,182	96.32%	17,626	561	2,516	119	88,004
9,334	94.84%	8,529	124	643	17	18,647
9,383	87.68%	7,093	118	1,425	60	18,079
10,824	88.54%	5,362	128	1,418	70	17,802
55,096	95.11%	20,486	553	2,577	138	78,850
-	-	-	-	-	-	-
59,397	93.45%	23,220	585	6,223	295	89,720
44,398	93.54%	19,391	469	2,389	118	66,765
1,622	88.63%	722	18	147	8	2,517
<u>257,236</u>	<u>94.12%</u>	<u>102,429</u>	<u>2,556</u>	<u>17,338</u>	<u>825</u>	<u>380,384</u>
578,588	98.68%	24,169	4,150	5,477	246	612,630
-	-	-	-	39	4	43
2,171,809	98.49%	121,143	16,835	20,611	985	2,331,383
-	-	-	-	72	7	79
<u>2,750,397</u>	<u>98.53%</u>	<u>145,312</u>	<u>20,985</u>	<u>26,199</u>	<u>1,242</u>	<u>2,944,135</u>
17,389	93.64%	-	13	237	26	17,665
1,601	93.68%	-	-	20	2	1,623
2,995	93.65%	-	-	40	4	3,039
3,739	93.64%	-	(1)	50	7	3,795
<u>25,724</u>	<u>93.64%</u>	<u>-</u>	<u>12</u>	<u>347</u>	<u>39</u>	<u>26,122</u>
<u>18,252,544</u>	<u>98.45%</u>	<u>944,055</u>	<u>138,751</u>	<u>206,979</u>	<u>24,341</u>	<u>19,566,671</u>

**EMERY COUNTY
TAX COLLECTION TRUST FUND
CASH RECEIPTS AND DISBURSEMENTS**

For The Year Ended December 31, 2006

	Treasurer's Balance December 31, 2005	Tax Collection Receipts	Current Taxes Apportioned
Tax Collection Accounts:			
Current Years Taxes	-	18,252,544	(18,237,375)
Fee-In-Lieu	-	944,055	-
Motor Carrier and Courtesy Collection	-	138,751	-
Redemption of Prior Years Taxes	-	231,320	-
Miscellaneous	511	-	-
May Tax Sale	-	3,195	-
Prepayments	15,169	22,778	(15,169)
Interest	10,734	18,458	-
	<hr/>	<hr/>	<hr/>
Total Collections	26,414	19,611,101	(18,252,544)
	<hr/>	<hr/>	<hr/>
Taxing Units			
County General Fund:			
General	-	-	5,340,695
Library	-	-	616,525
Flood Control	-	-	-
Judgement Levy	-	-	-
Assessing & Collecting - State	-	-	208,425
Assessing & Collecting - County	-	-	447,930
Emery School District	113,059	-	8,605,612
Cities and Towns:			
Castle Dale	1,826	-	67,182
Cleveland	705	-	9,334
Elmo	799	-	9,383
Emery	945	-	10,824
Ferron	2,817	-	55,096
Green River	-	-	-
Huntington	5,222	-	59,397
Orangeville	2,915	-	44,398
Clawson	96	-	1,622
Other Districts:			
Water Conservancy District	6,432	-	578,588
Castle Valley Special Service District	18,124	-	2,171,809
Grand County Districts:			
School District	815	-	17,389
Water Conservancy District	72	-	1,601
Special Service District	135	-	2,995
Grand County	177	-	3,739
	<hr/>	<hr/>	<hr/>
Total Grand County Districts	154,139	-	18,252,544
	<hr/>	<hr/>	<hr/>
GRAND TOTALS	180,553	19,611,101	-
	<hr/>	<hr/>	<hr/>

<u>Fee-In-Lieu Apportioned</u>	<u>Motor Carrier and Miscellaneous</u>	<u>Delinquent Taxes Apportioned</u>	<u>Total</u>	<u>Disbursements</u>	<u>Treasurer's Balance December 31, 2006</u>
-	-	-	-	-	-
(944,055)	-	-	-	-	-
-	(138,751)	-	-	-	-
-	-	(231,320)	-	-	-
-	-	-	511	511	-
-	-	-	3,195	-	3,195
-	-	-	22,778	-	22,778
-	-	-	29,192	10,734	18,458
<u>(944,055)</u>	<u>(138,751)</u>	<u>(231,320)</u>	<u>55,676</u>	<u>11,245</u>	<u>44,431</u>
240,452	48,805	72,856	5,702,808	5,702,808	-
27,778	(1)	6,730	651,032	651,032	-
-	-	12	12	12	-
-	-	594	594	594	-
11,552	1	2,813	222,791	222,791	-
15,091	(1)	3,671	466,691	466,691	-
401,441	66,394	98,654	9,285,160	9,229,888	55,272
17,626	561	2,635	89,830	87,830	2,000
8,529	124	660	19,352	18,934	418
7,093	118	1,485	18,878	18,581	297
5,362	128	1,488	18,747	17,242	1,505
20,486	553	2,715	81,667	79,531	2,136
-	-	-	-	-	-
23,220	585	6,518	94,942	91,592	3,350
19,391	469	2,507	69,680	67,119	2,561
722	18	155	2,613	2,485	128
24,169	4,150	5,766	619,105	615,815	3,290
121,143	16,835	21,675	2,349,586	2,335,045	14,541
-	13	263	18,480	17,829	651
-	-	22	1,695	1,635	60
-	-	44	3,174	3,061	113
-	(1)	57	3,972	3,832	140
<u>944,055</u>	<u>138,751</u>	<u>231,320</u>	<u>19,720,809</u>	<u>19,634,347</u>	<u>86,462</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>19,776,485</u>	<u>19,645,592</u>	<u>130,893</u>

COMPLIANCE SECTION

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Board of County Commissioners
Emery County
Castle Dale, Utah 84513

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Emery County as and for the year ended December 31, 2006, which collectively comprise Emery County's basic financial statements and have issued our report thereon dated May 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Emery County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Emery County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Emery County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects Emery County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Emery County's financial statements that is more than inconsequential will not be prevented or detected by Emery County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Emery County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Emery County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Emery County in a separate letter dated May 14, 2007.

This report is intended solely for the information and use of management and County Commission and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

May 14, 2007
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

The Honorable Board of County Commissioners
Emery County
Castle Dale, Utah 84513

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Emery County, for the year ended December 31, 2006, and have issued our report thereon dated May 14, 2007. As part of our audit, we have audited Emery County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2006. The County received the following major State assistance programs from the State of Utah:

B Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

The County also received the following nonmajor grants, which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of Emery County's financial statements.)

Emergency Medical Services Grant (Department of Health)
Library Grants (State Library Commission)
History Grants (Division of Communities and Economic Development)
Mosquito Grant (Department of Agriculture)
GIS Mapping (Department of Administrative Services)
Workforce Services Survey Grant (Department of Workforce Services)
Drug Court (Department of Health)
Justice Court (State Courts Division)
State and Local Assistance (Emergency Services and Homeland Security)
Search and Rescue Grant (Emergency Services)
Citizens Corp Grant (Department of Administrative Services)
RS2477 Redoration Process Grant (Office of Governor)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation & Property Tax Limitations
Liquor Law Enforcement
Justice Court
B & C Road Funds

Other General Issues
Uniform Building Code Standards
Statement of Taxes Charged
Collected & Disbursed
Assessing and Collecting of
Property Taxes
Transient Room Tax

The Honorable Board of County Commissioners
Emery County
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The management of Emery County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The schedule of transient room, tourism, recreation, culture and convention facilities tax expenditures on page 78 is not a required part of the basic financial statements but is information required by the State of Utah. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required information and test of expenditures. However, we did not audit the information and express no opinion on it.

The results of our audit procedures disclosed immaterial instances of noncompliance with requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Emery County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the year ended December 31, 2006.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

May 14, 2007
Richfield, Utah

EMERY COUNTY
SCHEDULE OF TRANSIENT ROOM, TOURISM, RECREATION, CULTURE AND
CONVENTION FACILITIES TAX EXPENDITURES

For The Year Ended December 31, 2006

Transient Room Tax:

Establish and Promoting:

Recreation	-
Tourism	133,325
Film Production	-
Conventions	-

Acquiring, Leasing, Construction, Furnishing or Operating:

Convention Meeting Rooms	-
Exhibit Halls	-
Visitor Information Centers	-
Museums	32,470
Related Facilities	-

Acquiring or Leasing Land Required For or Related To:

Convention Meeting Rooms	-
Exhibit Halls	-
Visitor Information Centers	-
Museums	-
Related Facilities	-

Mitigation Costs:

Payment of Principal, Interest, Premiums and Reserves on Bonds	-
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Total Expenditures	<u>165,795</u>
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Tourism, Recreation, Culture and Convention Facilities Taxes:

Financing Tourism Promotion	-
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Development, Operation and Maintenance of:

Tourist Facilities	-
Recreation Facilities	-
Culture Facilities	-
Pledges as Security for Evidence of Indebtedness	-

Reserves and Pledges:

Reserves on Bonds Related to TRT Funds	-
Pledges as Security for Evidences of Indebtedness Related to TRCC	-

Total Expenditures	<u>-</u>
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EMERY COUNTY
MANAGEMENT LETTER
DECEMBER 31, 2006

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

May 14, 2007

The Honorable Board of County Commissioners
Emery County
Castle Dale, Utah 84513

During our audit of the funds of Emery County for the year ended December 31, 2006, we noted an area needing corrective action in order for the County to be in compliance with state laws and regulations. This item is discussed below for your consideration.

COMPLIANCE:

Excess Fund Balance – General Fund

County are allowed a fund balance of 50% of the revenues of the general fund or the amount of estimated revenues from property taxes for the current fiscal period, whichever is greater.

Finding:

We noted during the tests of State Compliance that the unreserved fund balance in the General Fund exceeds the amount allowed by law. The total estimated revenue from property taxes was greater than 50% of total general fund revenues. However, unreserved fund balance is more by \$320,305.

Total estimated revenue from property tax	\$5,569,500
50% of total revenues from General Fund	4,813,661
Unreserved fund balance in General Fund	6,012,805
Total estimated revenues from property tax	<u>5,569,500</u>
Excess fund balance	<u>\$ 320,305</u>

Recommendation:

We recommend that the county reduce the excess fund balance either through the budget process or by transferring the excess to the capital project fund for planned capital projects.

Response:

See the response attached.

The Honorable Board of County Commissioners
Emery County
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We would like to take this opportunity to thank Emery County's personnel for the cooperation and assistance given to us during the course of our examination.

Respectfully submitted,


KIMBALL & ROBERTS
Certified Public Accountants

DKK/vl

BRENDA DUGMORE, CPA
EMERY COUNTY CLERK/AUDITOR

PO BOX 907 / 75 EAST MAIN
CASTLE DALE, UT 84513

PHONE: (435) 381-5106
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May 14, 2007

Management's Response to State Legal Compliance:

Emery County ended 2006 with excess fund balance due to the new requirement that assessing and collecting taxes be accounted for in a separate fund. Emery County will hold a public hearing on May 15, 2007 to amend its 2007 budget to spend the excess fund balance.